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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 29, 2009

Certified Return Receipt
7003 2260 0002 0247 8997

Rex Wingle
Davies, Wingle & Davies, Inc.
2159 North 700 West
Clinton, Utah 84015

Subject: Deficient Reclamation Surety, Davies, Wingle & Davies, Inc., Dugway Pass Mine, S/023/0091, Juab County, Utah

Dear Mr. Wingle:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Dugway Pass Mine. This surety was due for review on May 25, 2009. Your current reclamation surety is \$18,750 which the Division is holding in the form of a letter of credit. The Division has recalculated the surety based on your permitted area of five acres to be:

\$24,600 escalated for 3 years (surety amount next reviewed in 2012) OR
\$25,200 escalated for 5 years (surety amount next reviewed in 2014)

The most recent information available indicates the actual disturbed area is less than one acre, and it may be possible to reduce the amount of surety required by amending the Notice of Intention (NOI). Please see further discussion below.

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.



Rex Wingle
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Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

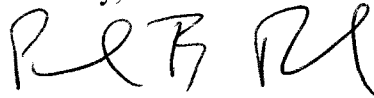
\$5850 for 3-year escalation OR
\$6450 for 5-year escalation

If the disturbed area shown in your NOI—five acres—is substantially different than what is currently planned, you may wish to amend the notice to more accurately reflect your future intent. At such time as the Division receives and reviews an amended NOI, we will determine an appropriate reclamation cost based on the new information and notify you of any changes needed to your surety.

If you decide to amend the NOI, please submit the amendment together with form MR-REV-SMO/EXP no later than February 15, 2010. If you choose not to amend the NOI we will expect the above stated amount to be filed with the Division no later than February 15, 2010.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5263.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker'.

Paul Baker
Minerals Program Manager

PBB:jrp

cc: wstokes@utah.gov

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